

## **Monthly Progress Report #8**

For the project entitled:

### **Disparity/Availability Study**

Reporting Period: December 1 –31, 2007

Submitted by:

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Submitted to:

**Montana Department of Transportation**  
Research Programs  
2701 Prospect Avenue  
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January 10, 2008

**Task 1: Conduct Legal Analysis**

This task is completed. An update will be provided prior to submittal of the Final Report to include any new legal opinions issued, if necessary.

**Task 2: Review Policies, Procedures and Programs**

A draft of Section 3.0 – Met with MDT staff to review and supplement draft Section 3.0.

Action Item for next month:

- A second draft of Section 3.0 will be submitted to MDT for review.

**Task 3: Conduct Data Collection**

This task is completed. Master contracts tables for prime and subcontracts were provided to MDT for approval last month.

**Task 4: Conduct Market Area Analysis**

This task is complete. A draft market area table was provided in the November 2007 progress report.

**Task 5: Calculate Private Sector Availability**

We have received approval to use the master vendor table to proceed with the business survey. We have conducted our preliminary analysis and determined the areas of strength and weakness in the survey database. The distribution of the database appears below:

**Demographics of Survey Database  
Montana Department of Transportation  
October 1, 1999 - September 30, 2006**

	Frequency	Percent	Valid Percent	Cumulative Percent
AFRICAN AMERICAN	25	.7	.7	.7
AMERICAN INDIAN	6	.2	.2	.9
ASIAN INDIAN AMERICAN	1	.0	.0	.9
ASIAN INDIAN OR ASIAN PACIFIC AMERICAN	4	.1	.1	1.0

ASIAN PACIFIC AMERICAN	6	.2	.2	1.2
HISPANIC AMERICAN	23	.7	.7	1.8
MINORITY	5	.1	.1	2.0
NATIVE AMERICAN	147	4.2	4.2	6.2
NONMINORITY	2833	80.3	80.3	86.5
NONMINORITY WOMEN	478	13.5	13.5	100.0
Total	3528	100.0	100.0	

The low counts in some of the minority categories are of some concern from a sampling standpoint and will require additional effort to ensure collection. In addition, the overall sample size means that there is little margin for error from a collection standpoint since there are few complimentary firms that can be used to replace non-respondents.

#### **Task 6: Conduct Availability Analysis**

This task is dependent on the contract database that was submitted in December to MDT for review and approval. We have not received approval due to MDT's staff medical leave. However, we are moving forward with the survey. Turner and Associates will begin the availability/business survey in January and conclude in February. Once the data is verified, public and private sector availability and regression analysis will be conducted.

#### **Task 7: Conduct Regression Analysis**

This task is behind schedule and will be conducted upon the completion of the business survey.

#### **Task 8: Conduct Utilization Analysis**

We are behind schedule for this task. We have received approval of the vendor database; however, we have not for the master contract database. We will begin analysis upon approval by MDT.

##### Action Item for next month:

- We will conduct the utilization analysis.

### **Task 9: Conduct Disparity Analysis**

This task will begin upon completion of the utilization and availability analyses.

### **Task 10: Personal Interview, Focus Groups and Public Hearings**

Fields & Brown has completed transcriptions of 59 personal interviews. We are currently in the process of analyzing the data from the interviews for the draft anecdotal chapter. We are presently summarizing demographic information and will provide a demographic profile for the interviews conducted in our next progress report.

Fields & Brown participated in a conference call with MDT attorneys and members of the disparity study team. The purpose of the conference call was to resolve Riverside Contracting's request for the original interview tape and copy of the interview guide. It was resolved that MDT would provide Riverside a copy of the interview tape. The tape is currently being copied and will be forwarded to MDT once the copy is completed.

#### Action Item for next month:

- Complete initial draft of anecdotal chapter.

### **Task 11: Recommend Narrowly Tailored Remedies for the DBE Policy and Programs**

This task is scheduled to begin in January 2008.

### **Task 12: Final Report**

Draft report is scheduled for review in mid-February 2008.

Final report is scheduled to be completed by April 2008.

### **Detailed Work Plan**

A copy of our detailed work plan is attached. It provides the proposed timeline and current timeline.

### **Summary of Expenditures**

Table 1 summarizes the expenditures on this project through December 31, 2007. Expenditures during the eighth month were \$46,352.20, leaving \$252,913.23 for the remainder of the project.

**TABLE 1. Summary of Expenditures**

<b>Budget Category</b>	<b>Budgeted Funds</b>	<b>Spent This Period</b>	<b>Total Spent</b>	<b>Total Remaining</b>
Labor	\$516,492.21	\$29,587.80	\$282,526.97	\$233,965.24
Sub Consultant	\$90,431.25	15,750.00	\$73,500.00	\$16,931.25
Travel	\$41,810.00	1,014.40	\$39,793.26	\$2,016.74
<b>TOTALS</b>	<b>\$648,733.46</b>	<b>\$46,352.20</b>	<b>\$395,820.23</b>	<b>\$252,913.23</b>

## Montana Work Plan

Task	Task #	Activity	Proposed Date	Date Submitted
<b>1.0 – Conduct Legal Analysis</b>	1.1	Identify and obtain copies of relevant court cases.	6/15/07	5/2/07
	1.2	Conduct a detailed review and analysis of each set of opinions.	6/15/07	5/2/07
	1.3	Prepare a detailed list of the requirements of availability and disparity studies based upon opinions relevant to owner determinations of: <ul style="list-style-type: none"> <li>• Race- and gender-neutral programs</li> <li>• Race- and gender-preference programs</li> <li>• Definition of business categories for disparity analysis</li> <li>• Definition of appropriate race and gender categories for disparity analyses</li> <li>• Definition and measurements of utilization</li> <li>• Definition and measurement of availability in the appropriate geographical study areas</li> <li>• Measurement of disparity due to discrimination</li> <li>• Methods for determining significant levels of disparity</li> <li>• Status of legal use of multivariate/regression, probability, and other statistical analyses</li> <li>• Measurement and relevance of disparity in the relevant private markets</li> <li>• Requirements related to documentation of anecdotal evidence; and</li> <li>• Requirements related to documentation of barriers in obtaining bonding and financing, disparities in business formation and earnings encountered by DBE firms</li> <li>• Any other related requirements or types of evidence approved by relevant cases</li> </ul>	6/15/07	5/2/07
	1.4	Prepare a legal report that analyzes and summarizes the legal opinions relating to approved methods required by relevant cases for availability and disparity studies.	6/15/07	Draft Submitted 5/2/07
<b>2.0 – Review Policies, Procedures and Programs</b>	2.1	Review and analyze MDT statutes, regulations, resolutions, ordinances, policies and procedures, and existing programs, applicable during the relevant study time period.	9/30/07	6/18/07
	2.2	Review contracting and purchasing manuals currently in use and history of development for all MDT Members.	9/30/07	6/18/07

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Task	Task #	Activity	Proposed Dates	Date Submitted
	2.3	Identify and interview key MDT managers regarding the history and development of the policies currently in use, implementation of the policies and impacts of the implementation of the policies, including the race/gender neutral and preference programs.	9/30/07	7/20/07
	2.4	Identify and interview DBE firms and non-minority firms regarding the MDT policies, barriers and implementation and impact of the policies, including the race/gender neutral and preference programs.	9/30/07	12/31/07
	2.5	Provide the results to the client for review and feedback regarding existing programs.	9/30/07	10/31/07
	2.6	Prepare a report that summarizes the impacts of existing policies and contracting programs.	9/30/07	
<b>3.0 – Conduct Data Collection</b>	3.1	Conduct a data assessment to determine the condition of contract and purchasing data and develop data collection methodology. Data collected will cover the time period of <b>October 1, 1999 through September 30, 2006.</b>	9/30/07	8/20/07
	3.2	Develop, review and receive approval for data collection methodology from Project Manager.	9/30/07	8/20/07
	3.3	Work with appropriate MDT personnel to transfer electronic data to Wilson Consulting and hard copy files for data extraction.	9/30/07	9/30/07
	3.4	Collect data from outside sources, such as certification lists, minority and majority professional organizations, <i>Dun and Bradstreet</i> , <i>Construction Market Data</i> , and <i>F.W. Dodge, Inc.</i>	9/30/07	8/30/07
	3.5	Finalize Programming Wilson Consulting database to record and analyze the utilization data.	9/30/07	8/30/07
	3.6	Obtain 100 percent of subcontractor data, where appropriate. If data is in hard copy, scan the contracts and subcontracts to enter in database.	9/30/07	9/30/07
	3.7	“Clean” data for consistency: removing duplicates; formatting; multiple office locations, etc. Remove unnecessary data to include employees, other government agencies, nonprofit organizations and other fields as appropriate.	9/30/07	10/31/07
	3.8	Prepare List of Contracts for review.	9/30/07	10/31/07

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Task	Task #	Activity	Proposed Dates	Date Submitted
<b>4.0 – Conduct Market Area Analysis</b>	4.1	From the statistics gathered from contract data, determine the location of successful vendors. Determine the geographic area from which prime contractors or vendors are hired for each type of contracting.	10/31/07	11/23/07
	4.2	A market area analysis will be prepared for each major business category: heavy construction services, professional services and supplies.	10/31/07	11/23/07
	4.3	Review the draft market area analyses with Project Manager.	10/31/07	11/23/07
	4.4	Prepare report on the recommended market areas.	10/31/07	
<b>5.0 – Calculate Private Sector Availability</b>	5.1	Determine the relevant private sector market area taking into account total market activity, geography and operational capability indicators.	11/30/07	In Progress
	5.2	Collect the relevant public data from resources such as the National Survey of Small Business Finances (NSSBF), US Small Business Administration (SBA), Current Population Survey (CPS), Economic Census and Five Percent Public Use Microdata Samples (PUMS).	11/30/07	10/31/07
	5.3	Determine the relevant firm type and characteristics to be included in the private sector availability analysis.	11/30/07	10/31/07
	5.4	<p>Collect required data on private organizations providing the relevant services in the defined market area. Data should be collected on:</p> <ul style="list-style-type: none"> <li>• First and last name</li> <li>• Company name</li> <li>• Physical and mailing addresses</li> <li>• Phone number</li> <li>• Fax number</li> <li>• Email address</li> <li>• NAICS</li> <li>• DBE status</li> </ul> <p>If available, collect data on number of employees, year founded, annual revenues and geographic areas of operation.</p>	11/30/07	10/31/07



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Task	Task #	Activity	Proposed Dates	Date Submitted
	5.5	Select survey targets for assessing the private market for availability predictors.	11/30/07	
	5.6	Refine the survey instrument to ensure that it captures the requested as well as needed data regarding the private sector.	11/30/07	
	5.7	Issue and collect the survey from relevant private firms.	11/30/07	
	5.8	Analyze the survey data to determine barriers of entry, operating conditions and other marketplace characteristics.	11/30/07	
	5.9	Model the private sector availability based on ready, willing and able. Utilize original data (survey), secondary data (federal, state, and commercial data) and other resources.	11/30/07	
	5.10	Use econometric modeling to estimate the size of the firm population based on the private sector data by category.	11/30/07	
	5.11	Ensure that secondary measures are utilized that validate the calculations.	11/30/07	
	5.12	Determine private sector availability by District (geographic area), NAICS code, business concentration, preference status (race and gender) and component scores on the availability measures.	11/30/07	
	5.13	Validate the calculated selections based on vendor data to ensure that the similar firms are determined to be available for each stratum.	11/30/07	
	5.14	Create the private sector availability database for disparity analysis.	11/30/07	
<b>6.0 – Conduct Availability Analysis</b>	6.1	Verify the validity of the client databases containing vendor, bidder and subcontractor data collected in previous tasks.	12/31/07	10/31/07
	6.2	Determine other organizations and jurisdictions that should be approached for vendor, bidder and subcontractor data.	12/31/07	10/31/07
	6.3	Collect electronic listings from other public jurisdictions and organizations. This should include other public organizations, associations or groups.	12/31/07	10/31/07

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Task	Task #	Activity	Proposed Dates	Date Submitted
	6.4	<p>Create a database that contains the relevant vendor, bidder and subcontractor data for the state and other organizations. Data should be organized on:</p> <ul style="list-style-type: none"> <li>• First and last name</li> <li>• Company name</li> <li>• Physical and mailing addresses</li> <li>• Phone number</li> <li>• Fax number</li> <li>• Email address</li> <li>• SIC</li> <li>• NAICS</li> <li>• DBE status</li> </ul> <p>If available, collect data on preference status, number of employees, year founded, annual revenues and geographic areas of operation.</p>	12/31/07	10/31/07
	6.5	Create a list of organizations with missing data and what the missing elements are.	12/31/07	11/16/07
	6.6	Contact by phone the organizations with missing data and collect as much as possible for entry into the vendor, bidder and subcontractor database.	12/31/07	11/16/07
	6.7	Update the database with the collected information where appropriate.	12/31/07	11/16/07
	6.8	Compare the overlap of the public and private databases. Eliminate any redundant entries to ensure that the database is comprehensive and accurate.	12/31/07	11/27/07
	6.9	Verify the bidder and subcontractor data with the same standards for availability with the private sector firms.	12/31/07	11/27/07
	6.10	Create a master database for availability analysis that indicates the source of the entry but includes all entries.	12/31/07	12/31/07
	6.11	Determine availability based on public vs. private market participants, combined public and private, geographic location, size categories, preference status (race and gender) and other demarcations.	12/31/07	

Task	Task #	Activity	Proposed Dates	Date Submitted
	6.12	Create the availability contact database.	12/31/07	12/31/07
	6.13	Prepare the chapter summarizing the availability analysis.	12/31/07	
<b>7.0 – Conduct Regression Analysis</b>	7.1	Review data collected from the vendor survey and ensure that the data presents a sufficient and defensible sample for analysis. A comparison to the public and private availability data should be conducted.	11/30/07	
	7.2	Conduct descriptive analysis to determine the robustness of the data.	11/30/07	
	7.3	Select the econometric models necessary for determining the causal factors related to firm utilization.	11/30/07	
	7.4	Verify the analysis assumptions to ensure the identified relationships are correct.	11/30/07	
	7.5	Conduct additional analysis as needed to determine other mitigating factors impacting the results.	11/30/07	
	7.6	Summarize the findings and link possible predictors to programs, initiatives and other environmental factors related to the results.	11/30/07	
	7.7	Identify potential recommendations that would result in increasing available firms, utilization and reaching the organization's goals.	11/30/07	
<b>8.0 – Conduct Utilization Analysis</b>	8.1	Review utilization (vendor) database for completion and appropriateness of elements. Ensure that all of the necessary elements are present in the database.	11/30/07	12/31/07
	8.2	Create initial utilization summaries by project type, location, size and other major characteristics to provide the project manager.	11/30/07	In Progress
	8.3	Gain approval from the project manager on the output of the utilization database.	11/30/07	
	8.4	Conduct basic descriptive analysis on the utilization database.	11/30/07	

## Montana Work Plan

<b>Task</b>	<b>Task #</b>	<b>Activity</b>	<b>Proposed Dates</b>	<b>Date Submitted</b>
	8.5	Based on contract size, relevant market area, time period and preference status, estimate utilization for prime and subcontractors.	11/30/07	
	8.6	Examine utilization within the context of programs and incentives in place during the time period analyzed.	11/30/07	
	8.7	Provide the results to the client for review and feedback.	11/30/07	
<b>9.0 – Conduct Disparity Analysis</b>	9.1	Develop a draft set of disparity analyses (in the form of report layouts) and statistical analyses (in tabular form) to be conducted.	1/15/08	
	9.2	Review draft report layouts and tables with the Project Manager and make appropriate revisions.	1/15/08	
	9.3	Utilizing the availability data and the utilization data, calculate disparity indices for the categories shown above.	1/15/08	
	9.4	Subject disparity analyses to statistical tests to determine statistical significance.	1/15/08	
	9.5	Conduct comparative analysis of disparity when a race preference program was used and when only race neutral program was used.	1/15/08	
	9.6	Review the disparity calculations, statistical tests results with the Project Officer and make appropriate revisions.	1/15/08	
<b>10.0 – Personal Interviews, Focus Groups and Public Hearings</b>	10.1	D. Wilson Consulting Group will schedule and conduct not less than 60 personal interviews. The purpose of the interviews is to gather anecdotal data concerning barriers to contracting for performance of work in the State of Montana. D. Wilson Consulting Group will utilize the DBE interview instrument developed in Task 5 to collect data during the interview. D. Wilson Consulting Group will obtain signed affidavits from all interviewees attesting to the accuracy of the information provided during the interviews.	12/31/07	11/23/07

## Montana Work Plan

Task	Task #	Activity	Proposed Dates	Date Submitted
	10.2	D. Wilson Consulting Group will conduct 5 public hearings, 1 public hearing in each District. D. Wilson Consulting Group will provide a hearing officer and panel to gather anecdotal evidence concerning contracting experiences with the State of Montana including disparate treatment, contracting barriers and suggestions for improvement.	12/31/07	11/23/07
	10.3	Draft Anecdotal chapter for review by Project Manager	2/15/08	
<b>11.0 – Recommend Narrowly Tailored Remedies for the DBE Policy and Programs</b>	11.1	Based on the results of the availability, regression, and utilization analyses, and the review of programs, identify problem areas, if any.	2/15/08	
	11.2	Identify what problem areas, if any that can be corrected with race- and gender-neutral remedies.	2/15/08	
	11.3	Identify what problem areas, if any, cannot be corrected by race- and gender-neutral remedies.	2/15/08	
	11.4	Identify narrowly tailored remedies for each problem area (or group of areas) consistent with the legal parameters.	2/15/08	
	11.5	Prepare alternative recommendations and solutions, if necessary, to modify existing race- and gender-neutral programs and policies and existing race- and gender-preference programs.	2/15/08	
	11.6	Develop methods for monitoring and data collection.	2/15/08	
	11.7	Prepare draft report on the recommendations. Review draft report with the Project Manager and make appropriate revisions.	2/15/08	
	11.8	Submit final report with recommendations.	2/15/08	
<b>12.0 – Final Report</b>	12.1	Compile all draft chapter reports into one for review by the Wilson Consulting Group team.	4/30/08	
	12.2	Revise report based upon team comments.	4/30/08	
	12.3	Present Draft Report to the Project Manager for review and comments.	4/30/08	
	12.4	Discuss comments with Project Manager for clarification.	4/30/08	

Task	Task #	Activity	Proposed Dates	Date Submitted
	12.5	Prepare Final Report.	4/30/08	
	12.6	Conduct three presentations of the results of the Availability/Disparity Study.	4/30/08	
<b>13.0 – Deliverables</b>	13.1	Final Report – with Appendices	4/30/08	
	13.2	Executive Summary	4/30/08	
	13.3	Three Presentations	4/30/08	
	13.4	CD with available firms.	4/30/08	

## Montana Proposed / Current Timeline

TASK	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR
1.0 – Conduct Legal Analysis	■	■										
2.0 – Review Policies, Procedures and Programs		■	■	■	■							
3.0 – Conduct Data Collection	■	■	■	■	■							
4.0 – Conduct Market Area Analysis						■						
5.0 – Calculate Private Sector Availability						■	■					
6.0 – Conduct Availability Analysis						■	■	■				
7.0 – Conduct Regression Analysis							■					
8.0 – Conduct Utilization Analysis						■	■					
9.0 – Conduct Disparity Analysis								■				
10.0 – Personal Interviews, Focus Groups and Public Hearings						■	■	■				
11.0 – Recommend Narrowly Tailored Remedies for the DBE Policy and Programs									■	■		
12.0 – Final Report										■	■	■

\* For presentations of the Final Report